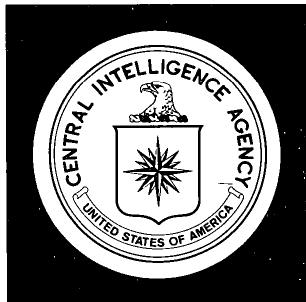


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The President's Daily Brief

January 3, 1977

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Top Secret^{25X1}

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FOR THE PRESIDENT ONLY

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CHILE-PERU: *The Chilean army has been conducting war games near the Peruvian border for the past two months.*

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[redacted] 25X1

Such maneuvers are not unusual, but in the current tense situation, there is some risk that Peru might misinterpret them. We do not believe Chile or Peru is contemplating a military move in the near future.

The two countries have an unwritten agreement to give each other advance notice of any exercises involving troop movements, but it has not always been rigorously observed. Although Chilean Defense Minister General Brady reportedly discussed the establishment of a "hot line" with Peruvian Prime Minister General Arbulu during his visit to Lima in October, we have no indication that it has been set up.

The Chilean navy's recent decision to arm fishing vessels for patrol duties could also prove troublesome. Chilean fishing craft have already strayed accidentally into Peruvian waters, and future incidents could lead to a hostile incident.

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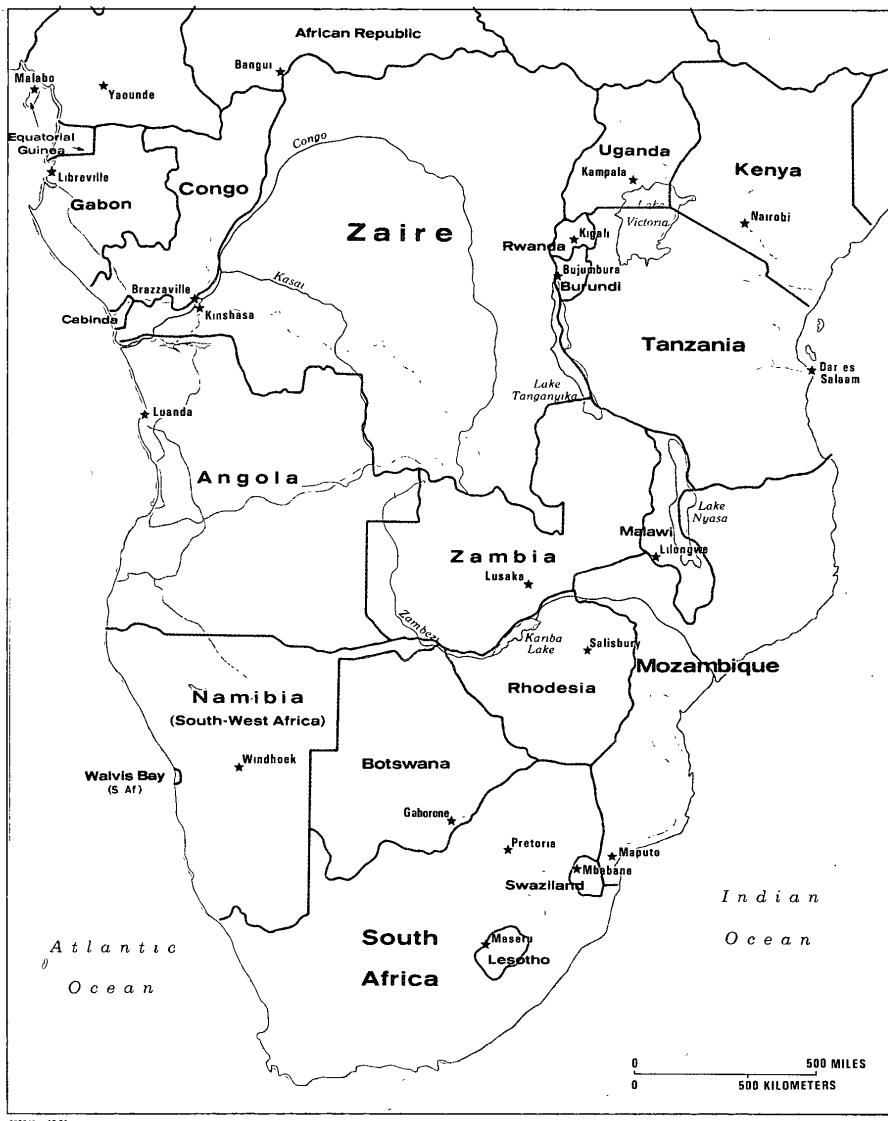
BOTSWANA-CHINA: *Two plane loads of Chinese arms apparently arrived in Botswana yesterday.*

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The US embassy reports that Zambian air force planes delivered the shipments.

[redacted] We do not know whether any advisers accompanied the shipments.

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Botswana is deeply concerned over its inability to prevent border violations by Rhodesian security forces, and in early December appealed to the UN Security Council for help in halting these operations. President Khama has been seeking arms from both the US and UK, but has not wanted to pay their high cost.

The Soviet ambassador to Zambia and Botswana has stated publicly that the USSR is ready to give Botswana military help to repulse Rhodesian troops. President Khama, however, is uneasy over the USSR's aggressive role in southern Africa, and would prefer to keep Soviet influence to a minimum.

Khama probably views the Chinese as more acceptable partners, partly because the Chinese have played a low-key role in their sizable aid programs in Tanzania and Zambia.

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NOTE

One of the two Egyptian MIG-21 squadrons sent to the Libyan border area early last year returned last week to its former base near Cairo.

This is the first military unit we have noted coming back from western Egypt since tensions rose between Egypt and Libya early last year.

It is unlikely that Egypt has any plans for military operations against Libya until at least next spring, when the weather will be more favorable. Nevertheless, we expect that most Egyptian forces already in the border area will remain there, if for no other reason than to remind Libyan President Qadhafi that his differences with Egyptian President Sadat have not been resolved. 25X1



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